

VZCZCXRO8065

OO RUEHAO RUEHCD RUEHGA RUEHGD RUEHHA RUEHHO RUEHMC RUEHNG RUEHNL
RUEHQU RUEHRD RUEHRG RUEHRS RUEHTM RUEHVC
DE RUEHAC #0275/01 1161227
ZNY CCCCC ZZH
O 251227Z APR 08
FM AMEMBASSY ASUNCION
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6847
INFO RUCNMR/MERCOSUR COLLECTIVE PRIORITY
RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS PRIORITY
RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY
RHMFISS/USSOCOM MACDILL AFB FL PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RHEHNCS/NSC WASHDC PRIORITY
RHMFISS/HQ USSOUTHCOM MIAMI FL PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 ASUNCION 000275

SIPDIS

SIPDIS

NSC FOR DFISK, WHA/FO, WHA/BSC FOR MDRUCKER, BFRIEDMAN,
KBEAMER

E.O. 12958: DECL: 04/19/2028

TAGS: [PREL](#) [ECON](#) [MARR](#) [CVIS](#) [PA](#)

SUBJECT: AMBASSADOR'S FIRST MEETING WITH LUGO AS
PRESIDENT-ELECT

Classified By: DCM Michael J. Fitzpatrick; reasons 1.4 (b) and (d).

SUMMARY

¶1. (C) Ambassador reviewed U.S. assistance in his April 24 meeting with President-elect Fernando Lugo, their first since Paraguay's April 20 national elections. Ambassador opened by mentioning President Bush's April 24 congratulatory telephone call to Lugo; a beaming Lugo said they had a "nice chat." While briefed on a number of U.S. assistance programs, Lugo and Franco were most interested in the Millennium Challenge Threshold Program, anti-corruption initiatives, and health sector assistance. Both welcomed portions of the Ambassador's security issues briefing, and Lugo pointedly asked if we could educate him about the "good guys" already working in Paraguayan law enforcement activities. Lugo's responses to a possible Status of Forces Agreement (SOFA) and to a new DEA cell phone intercept program were less enthusiastic. The president-elect scribbled notes throughout the Ambassador's presentation on U.S. efforts to increase investment, tourism, and Paraguayan exports; both Lugo and Franco were enthusiastic about OPIC programs in country. Lugo warmly greeted the Ambassador, and then quietly listened for most of the meeting. Overall, Lugo and Franco seemed impressed by the span of U.S. assistance and were grateful for our offers to support them. Now the ball is in their court. END SUMMARY.

¶2. (C) Ambassador reviewed a wide range of U.S. assistance in his meeting with President-elect Fernando Lugo April 24, their first face-to-face meeting since Lugo's April 20 victory. The meeting took place at Lugo's Patriotic Alliance for Change (APC) headquarters, which still appeared new and mostly vacant. Only Lugo, Vice-President-elect Federico Franco, and Lugo's assistant Walter Rojas attended on the Paraguayan side. DCM and Pol/Econ Chief accompanied the Ambassador.

¶3. (C) Ambassador opened the meeting by mentioning Lugo's April 24 telephone call with President Bush. A smiling Lugo said they had a "nice chat," but said he did not completely understand the timing of Bush's invitation. Ambassador confirmed that the invitation was to visit Washington following his August 15 inauguration. Lugo readily accepted.

WE GOT THEIR ATTENTION ON.....

14. (C) While Ambassador briefed on a number of U.S. assistance programs, Lugo and Franco were most interested in the Millennium Challenge Threshold Program, anti-corruption initiatives in general, and health sector assistance. Lugo asked few questions during the meeting, but wanted to know how much progress the Threshold Program had made in fighting corruption. Ambassador reported that Paraguay had moved from 7 percent to 30 percent on its corruption indicator, but still needed to get to 50 percent to qualify for a full compact. Franco assured us that their government "would not steal" from the Paraguayan people and that they would score "well beyond 50 percent." Franco also accepted USAID's offer to sponsor a workshop to set the new administration's priorities and to organize their government, calling such a workshop "urgent." Franco requested assistance (for the second time) to improve the security and quality of Paraguay's national identification card (already in train via the Threshold Program). Lugo expressed interest in a visit to a Peace Corps site in his home department of San Pedro.

UNDERSTANDING SECURITY ISSUES

15. (C) Lugo and Franco welcomed portions of the Ambassador's security issues briefing, and Lugo pointedly asked if we could educate him about the "good guys" already working in Paraguayan law enforcement activities. They embraced Paraguay's budding peacekeeping activities, as well as the Ambassador's idea to form an internal investigative unit within the National Police. Both welcomed U.S. MEDRETE

ASUNCION 00000275 002 OF 002

exercises, and were pleased to hear about U.S. support for Paraguay's Immediate Joint Response Unit (DCEI). Franco inquired about assistance for Paraguay's military helicopters, and was enamored with the possibility of visiting the USS George Washington in Chile on or around May 17. Both took notes on the status of a draft criminal procedure code which may soon be introduced in the lower house of Congress. (NOTE: On the way into the meeting, Lugo's chief of personal security thanked the Ambassador for providing Lugo with a bullet-proof vest. END NOTE).

16. (C) Lugo's responses to a possible Status of Forces Agreement (SOFA) and to a new DEA cell phone intercept program were less enthusiastic. At the mention of a SOFA, Lugo physically pushed back his chair, the only time he did so during the meeting. (NOTE: This came up near the end of the hour-long meeting, and it seemed that Lugo was also getting fatigued. END NOTE). Lugo and Franco both approached the cell phone intercept program with skepticism, but once they learned most countries have such a program, seemed to warm slightly to the subject. (NOTE: It was apparent during this part of the meeting, when the Ambassador touched on Paraguay's anti-money laundering secretariat (SEPRELAD) and its anti-terrorism secretariat (SEPRINTE), that Lugo was unfamiliar with both. Also, recent public media reports suggest that President Duarte ordered that Lugo be illegally targeted by SENAD's telephone monitoring program during the presidential campaign, which could have led to his apprehension regarding the program. END NOTE).

FACILITATING ECONOMIC GROWTH

17. (C) Lugo scribbled notes throughout the Ambassador's presentation on U.S. efforts to increase investment, tourism, and Paraguayan exports; both Lugo and Franco were enthusiastic about OPIC programs in country. Both expressed interest in streamlining Paraguayan visas to facilitate travel, and both were surprised that Paraguay is the only

country in the region which is not served by a U.S. airline. In response to the Ambassador's mention of our efforts to increase exports of thermo-processed beef, Franco noted Paraguayan meat (from Fernando de la Mora, a suburb of Asuncion) is exported to Chile for re-export to the United States. Both were keen on a briefing from U.S. Treasury advisors on the budget, debt, and banking sectors. Lugo raised his eyebrows when he heard that OPIC would sign a USD 80 million OPIC program for loans to small-and medium-sized enterprises April 30.

COMMENT: THE BALL IS IN THEIR COURT

18. (C) Lugo warmly welcomed the Ambassador, and then quietly listened for most of the meeting, interjecting with few questions. The president-elect seemed a little bogged down by the details of expansive U.S. assistance, but demonstrated "big picture" thinking by asking "which of these items will need Congressional approval?" at the meeting's close. Dynamics between Franco and Lugo were cordial, but Franco called the Embassy an hour before the meeting to ask if he was supposed to attend, revealing some problems in their internal communications. Overall, Lugo and Franco seemed impressed by the span of U.S. assistance and were grateful for our offers to support them. Now the ball is in their court. END COMMENT.

Please visit us at <http://www.state.sgov.gov/p/wha/asuncion>

Fitzpatrick